



MEMORANDUM HUMAN RESOURCES

TO: Honorable Board of Supervisors

DATE: July 25, 2017

FROM: Lori Walsh, Human Resources Director

SUBJECT: Workers' Compensation Insurance Claims Services – Intercare Holdings Insurance Services, Inc.

ACTION REQUESTED

Approve the renewal of a competitively awarded contract to Intercare Holdings Insurance Services, Inc. of Rocklin, CA for Workers' Compensation Insurance Claims Services for the Department of Human Resources in the maximum amount of \$612,315 for the two year period of January 1, 2018 to December 31, 2019. Funding is provided in the Workers' Compensation Insurance FY 2017-18 Proposed Budget and will be included in the FY 2018-19 and FY 2019-20 Requested Budgets.

Approve the option to renew the contract for two additional one-year terms with an increase of 3.0% in each subsequent year subject to continued satisfactory service, departmental concurrence and available funding.

Authorize the Purchasing Manager to sign all required documents.

BACKGROUND

On December 13, 2011 your Board awarded a three-year contract to Intercare Holdings Insurance Services, Inc. as a result of a competitive Request for Proposals No. 10125. Under the contract, Intercare provides workers' compensation claims administration services on behalf of the County following the guidelines established by our insurance joint powers authority, CSAC-EIA. With your Board's approval, the contract has been renewed on an annual basis. The current contract will expire December 31, 2017.

The Department of Human Resources manages this contract on behalf of the County and affirms that Intercare has continued to provide superior service, and attention to detail with respect to cost containment, claims handling and administration. Due to that experience, Human Resources has negotiated an extension of the contract for an additional two years and is further requesting the authority for two additional one-year renewals. Intercare is interested in continuing the partnership and has agreed to renew for a 2.0% increase in each of the first two years, and a 3.0% per year increase in each of the subsequent extensions. Prior increases were 2.5% annually. The new rates will result in a savings of approximately \$6,000 overall.

The total cost for the two year period of January 1, 2018 through December 31, 2019 will be \$612,315 which includes the annual 2.0% increase. The cost for January-December 2020 will be \$318,347 and January-December 2021 will be \$327,810, including the 3.0% increase.

FISCAL IMPACT

This expense has been budgeted appropriately in the Human Resources Workers' Compensation Insurance FY 2017-18 Proposed Budget and will be included in the Department's FY 2018-19 and FY 2019-20 Requested Budgets.